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Chair

Mr. Tom Lukiwski

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● (1100)

[*English*]

The Vice-Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): Ladies and gentlemen, we've had some excitement in the previous committee and so we have had some delays in starting our own.

Welcome to the committee. It is televised. Thank you.

In the first hour today, we have the Honourable Carla Qualtrough, Minister of Public Services and Procurement. Accompanying her, we have Deputy Minister Marie Lemay, Associate Deputy Minister Michael Vandergrift, Associate Deputy Minister Les Linklater, and Marty Muldoon, the CFO.

From Shared Services Canada, we have Ron Parker, CFO Alain Duplantie, and Graham Barr. Welcome.

Minister, you have some opening remarks. You have 10 minutes max, please.

Hon. Carla Qualtrough (Minister of Public Services and Procurement): Thank you very much, Madam Chair.

Before I begin, I would like to acknowledge that this is a tough day for members of the House of Commons and families and friends. I offer my condolences. We all have heavy hearts and I want to acknowledge that it's a difficult day for all of us. Please accept my sincere condolences to Gord Brown's family, friends, and members of his caucus.

I am pleased to appear before you as Minister of Public Services and Procurement and minister responsible for Shared Services Canada to discuss the 2018-19 main estimates. Joining me here from PSPC are Deputy Minister Marie Lemay, Associate Deputy Ministers Les Linklater and Michael Vandergrift, and Chief Financial Officer Marty Muldoon.

Here from Shared Services are the President, Ron Parker; Alain Duplantie, Senior Assistant Deputy Minister and Chief Financial Officer, Corporate Services; and Graham Barr, Acting Senior Assistant Deputy Minister, Strategy.

[*Translation*]

Both organizations fill critical roles in support of federal government operations and the delivery of programs and services to Canadians.

Allow me to begin with Public Services and Procurement Canada, which is requesting $3.2 billion in the 2018-19 Main Estimates.

[*English*]

This includes $2.54 billion for property and infrastructure, including the parliamentary precinct and support for the G7 summit; $215 million for payments and accounting; $122 million for government-wide support programs; $117 million for the purchase of goods and services; and $235 million for internal services.

Allow me to begin with an update on the work of PSPC and Phoenix. Last week, I was at our pay centre in Miramichi to announce the expanded rollout of the new pod approach, following a very successful pilot. Under this approach, pay employees are set up in teams that serve specific departments, allowing them to gain expertise and build relationships with their client departments.

This pilot shows that, from December to March, pay pods reduced the backlog of the three pilot departments by 24% overall, and the number of employees with pay issues dropped by 11%. In comparison, the numbers elsewhere remained relatively stable.

● (1105)

[*Translation*]

What's interesting is that the pod idea came from the employees themselves. In Miramichi last week, I felt a degree of optimism among staff, an appreciation that their voices are being heard and a sense that the challenge before them can actually be surmounted.

Our approach going forward is to continue to engage with the people who know best: pay centre staff, the unions, and the employee users of Phoenix.

[*English*]

Pay pods are but one of the measures we announced in November to stabilize the pay system. For instance, we're increasing capacity. Since starting with 550 employees when Phoenix was launched, we have reinstated the 700 positions eliminated by our predecessors and further invested to nearly triple the number of staff processing pay at the pay centre and in satellite offices across the country. We have added about 200 public servants at the client contact centre. They now have direct access to Phoenix so that they can provide public servants with real-time details about pay issues.

Budget 2018 provides $431 million in support of these efforts. Our most recent dashboard shows progress. Our backlog is down by 5,000 transactions from last month, and with minor fluctuations, it has steadily declined since January 2018. As pay pods are expanded, we expect this decline in backlogged transactions to pick up speed. To all those employees who have been affected, I promise that we will resolve their pay problems and, over time, restore their trust. Beyond Phoenix, PSPC is leading other important work such as the acquisition of critical equipment for the Canadian Armed Forces.

[*Translation*]

Under the national shipbuilding strategy, the first large ship, the offshore science and fisheries vessel, is complete and is expected to be delivered to the Canadian Coast Guard later this year. The Royal Canadian Navy's first ship, the Arctic and offshore patrol ship, is undergoing final assembly.

In addition, this year, we will select a preferred bidder for the design of the Canadian surface combatant, which will form the backbone of the navy.

[*English*]

In addition, this year we will select a preferred bidder for the design of the Canadian surface combatant ships that will form the backbone of the navy.

This work matters. Contracts awarded under the shipbuilding strategy are contributing $8.9 billion in GDP and creating or maintaining almost 9,000 jobs per year. We look forward to providing regular updates on our progress.

Shifting from sea to sky, to meet the air force's interim needs, we continue to work with our Australian counterparts to finalize the purchase and delivery of F/A-18 aircraft and spare parts beginning in 2019. The open and transparent competition that we announced last December to permanently replace Canada's fighter fleet is also well under way. Both PSPC and ISED have held industry engagements. These meetings are critical to ensuring that the procurement process is effectively designed and that Canadian suppliers are provided with opportunities to participate.

As the government's central purchaser, the department is simplifying and streamlining procurement. It is seeking ways to leverage the government's purchasing power to not just to buy but buy better.

● (1110)

[*Translation*]

We are increasing opportunities for diverse suppliers, such as women, indigenous peoples, persons with disabilities, and visible minorities. We are also making sure that our procurement supports other important goals, such as the fight against climate change.

[*English*]

I especially want to reduce the red tape and other barriers faced by small and medium-sized enterprises trying to sell to the government. While SMEs already account for 80% of our contracts under $1 million, and over 30% of our contracts over $1 million, we want those numbers to grow.

I know this committee has been studying this topic, and I look forward to your report and recommendations. We are already making great progress. Since last July, suppliers have been able to submit bids electronically, which is faster, greener, and more efficient. By the end of this year, we expect at least 70% of bids to be submitted this way.

Over the longer term, PSPC is adopting an e-procurement solution that will simplify contracting for both the government and our suppliers, and make bidding more accessible to the visually impaired. We will take the time to do this properly, and ensure that lessons from the development of Phoenix, many years ago, inform our approach.

[*Translation*]

Here in the parliamentary precinct, our collective objective remains to ensure a seamless transition of operations from Centre Block to the new House of Commons in West Block this summer.

While final IT, multimedia, and security devices are being installed and tested, we continue to work closely with our parliamentary partners to mitigate any risk of delay.

[*English*]

Turning briefly to Canada Post, just last week I announced the appointment of five new members to the board of directors. They will join the recently appointed chair, Jessica McDonald, to continue efforts to implement the renewed vision for the crown corporation and its priority of service to Canadians. Critical to renewal will be the focus on building more collaborative relationships with employees, communities, and other stakeholders.

Let me now speak about Shared Services Canada. Through the main estimates, Shared Services Canada seeks $1.5 billion in funding to continue providing modern, reliable, and secure IT infrastructure services in support of the digital delivery of programs and services to Canadians. This amount includes an investment of $17.3 million related to the G7 summit in La Malbaie, Quebec, to improve cellphone coverage and access to high-speed Internet in the region, legacies that will remain long after the summit ends.

To support the Government of Canada's digital vision, Shared Services Canada will modernize and enable cloud services, while sustaining its core operations, and implement business tools to secure and deliver digital services.

In March, I noted here that SSC has begun brokering public cloud computing services for unclassified data for the federal government. Many customer departments are now using these services for a range of IT needs. This year, the department will begin to offer cloud services for classified data up to the Protected B level. SSC will also continue to migrate departmental workloads to the public cloud or to new enterprise data centres where appropriate and based on direction from enterprise governance. SSC recently opened its third state-of-the-art data centre in Ontario to help it better protect government and citizen information and IT systems.

Budget 2018 proposes over $2 billion over six years to help Shared Services Canada address evolving IT opportunities and needs, including cybersecurity threats, and to deliver the kinds of digital services Canadians expect. This funding marks a reset for both SSC and government IT.

[*Translation*]

Thank you, Madam Chair.

I look forward to your questions.

[*English*]

The Vice-Chair (Ms. Yasmin Ratansi): Thank you, Minister.

[*Translation*]

Mr. Ayoub, you have seven minutes.

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Madam Chair.

Minister, ladies and gentlemen, thank you for being here with us today.

Minister, you mentioned the Phoenix pay system at the beginning of your remarks. I know you are busy working on this issue. You told us that you were in Miramichi last week.

The backlog has been reduced, which is mildly encouraging, but there is still a lot of work to be done. I know you are aware of that.

Could you tell us more about the issues that may arise this summer with the hiring of summer students and the renewal of collective agreements, in whole or in part?

What solutions do you and your team have planned to deal with these issues?

Hon. Carla Qualtrough: Thank you for your question.

Although I'm optimistic by nature, I must say that there are still problems that need to be resolved. We are slowly chipping away at the backlog of transactions. Of course, we may encounter unforseen challenges.

The creation of pay pods is an excellent measure that has helped us make progress on the Phoenix file. Using that approach, we have reduced the backlog of transactions by 24% in three departments. The idea for this approach came from employees in Miramichi. We listened to the ideas of those who are working on this system and it has paid off. Obviously, we will have to add the collective agreements to the system.

We are also hiring more students this summer. However, we can assure you that things will go better than they did last summer, just as things went better last summer than they did the summer before. Progress is being made, even though it is taking time.

I hope that the creation of pay pods will speed up our progress. This continues to be a challenge for the public service.

● (1115)

Mr. Ramez Ayoub: In recent months, the government wanted to hire former payroll experts and personnel who had been laid off. We are talking about the 700 employees that were laid off by the previous government.

Where are we at with hiring?

Is the government still hiring more people or are we at full hiring capacity?

Do we have enough employees to do the work?

Hon. Carla Qualtrough: It's an ongoing process.

Mr. Linklater can give you more details on that.

Mr. Les Linklater (Associate Deputy Minister, Department of Public Works and Government Services): Thank you for the question.

In January, we hired 325 new employees. This month, we hired 60 more, and we plan to hire 90 more next week. There are also international students who work at the Université de Moncton. We are still in hiring mode. We will continue to hire until we have a sufficient number of employees to help our department and the other departments and agencies.

Mr. Ramez Ayoub: How much training are these employees being given?

Mr. Les Linklater: It depends. If the employee has pay experience, the training takes less time and we can focus more on how the system works. However, those who are new to the public service need to be given good payroll training and training on the system.

Generally speaking, we are hiring people who do not have experience and giving them approximately 12 weeks of training.

Mr. Ramez Ayoub: A few months ago, some employees were not being paid. I hope there are no more cases like that. It always makes the headlines when someone hasn't been paid in six months.

I know we have talked about this a number of times. Those types of cases have been resolved. The people who were not being paid were supposed to tell their managers. Are there still any exceptional cases like those or has that problem been resolved?

Hon. Carla Qualtrough: Those sorts of cases are very rare now. The most common problem has nothing to do with basic pay, but with retroactive pay for acting positions.

Mr. Linklater, could you provide more details on that?

Mr. Les Linklater: Approximately 20 to 40 people out of 300,000 are not receiving their basic pay each pay period. That being said, we have a mechanism to inform the departments and agencies so that they can make arrangements with their employees to ensure that they have money to live on. That resolves the situation for the next two weeks or the next pay period. We have a mechanism to prevent the sort of crises that happened in the beginning.

As the minister said, there are still problems with other payments.

Mr. Ramez Ayoub: Thank you for your answer. I'm fine with that for now.

The last time, we discussed a mechanism to help constituents in members' ridings. A mechanism had been implemented quite some time ago, but it was being improved.

Can you give me an update on that? What general information is being given to MPs so that they can help the constituents that come to see them?

Hon. Carla Qualtrough: The process helped MPs a lot. Please excuse me, but I'm going to give the numbers in English.

[*English*]

In March, we received 590 cases from MPs; in April, we received 400 cases from MPs, which obviously was a decrease of about 190 cases. All emails received through these channels have been acknowledged within the 10 business days that we said we would acknowledge them.

Of the 400 cases, approximately 34% were processed with responses provided to the MPs' offices and an expected date for the resolution. Approximately 35% of the escalations were related to payments for retroactive salary adjustments or allowances, such as extra-duty pay. Approximately 25% of the escalations were related to terminations—

● (1120)

The Vice-Chair (Ms. Yasmin Ratansi): Minister, I have to cut you short.

Hon. Carla Qualtrough: Okay. To sum it up, it's pretty good news.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

Mr. McCauley, you have seven minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Welcome back. It looks as if you've drawn a bigger crowd than the Ottawa Senators normally get.

I have some quick questions for you, so I'd appreciate brief answers. When are we going to hit the so-called steady state for Phoenix?

Hon. Carla Qualtrough: I've learned not to provide dates. As I've said, we're looking for progress. I hear you, but if you look, three departments, representing approximately 10,000 employees of the 300... saw a decline of 24% over four months.

Mr. Kelly McCauley: If you haven't a date, that's fine.

I have a letter here from TBS that states, regarding those employees who are affected by a Phoenix overpayment, we're not going to require them, or go after them, so to speak, to repay the overpayment until all the pay problems are addressed. Is that correct?

Hon. Carla Qualtrough: That is correct.

Mr. Kelly McCauley: Thanks. I just wanted to confirm that.

I want to just get back quickly to Phoenix. Over time, we've seen the Gartner report, which we're told was presented but wasn't given to the minister; the director general of HR report, noticing all the issues with Phoenix, which wasn't passed on to the minister; and the project checklist talking about the backlog to be cleared, which wasn't passed on to the minister and CFOs. As well, we hear that IBM has come out and said that it actually told the deputy minister not to go ahead.

In light of all those warnings to the department that apparently were never passed on to the minister, in terms of ministerial oversight, what steps are you taking to ensure you actually are getting the proper information with all these other projects we have going on: $80 billion for shipbuilding; the $15 billion or $20 billion F-35 project; and everything else? We've seen repeatedly the information not getting to you or Minister Foote. What steps are you taking to ensure we're not getting a repeat of that?

Hon. Carla Qualtrough: Quite honestly, that is the biggest lesson we've learned from this, and one that could arguably be of gravest concern. When you're sitting in the position of minister, the decisions you make are only as good as the advice and information you have before you. We've taken a number of steps, right from the Prime Minister, creating the ministerial working group. We have a DM oversight committee at the ADM level. It's horizontal across departments. We have DG working groups, and we have union-management working groups.

Mr. Kelly McCauley: Are we confident that those that are overseeing the shipbuilding are communicating issues properly?

Hon. Carla Qualtrough: Yes, I would say that.

Mr. Kelly McCauley: I want to get to table A2.11 from the budget. There's $653 million for PSPC, including $307 million for stabilizing future transformation of Phoenix and $275 million for real property repairs and maintenance. That $653 million is a lot of money. I'm curious as to why it's not in your departmental plans.

Mr. Marty Muldoon (Chief Financial Officer, Finance and Administration Branch, Department of Public Works and Government Services): It's simply a timing issue. They are in the main estimates of the government, but they're—

Mr. Kelly McCauley: The departmental plans set out the results that we expect of the department for the taxpayers' money. So $653 million of taxpayers' money can be given without any oversight, and now you're saying because of the timing it's not going to be put into the departmental plans for Parliament, parliamentarians, or taxpayers to see what we're getting for that money.

Mr. Marty Muldoon: We're able to publish the departmental plans with the main estimates that are available to the department. Those are budget 2018 numbers and are not in our main estimates. Therefore, they can't be captured in the plans beyond any minimal recognition of them, because we don't have the articulation of the plans.

Mr. Kelly McCauley: What is the plan for the $275 million for the real property projects, the $275 million you got into the budget? What are the details of that? What is the money going to be used for? What are the results you expect to achieve from this?

Mr. Marty Muldoon: We are preparing the business case to go Treasury Board to lay out all of those details, and at that time, we would have all the articulation behind these numbers.

● (1125)

Mr. Kelly McCauley: So you don't have that information now.

Mr. Marty Muldoon: Not in the time to prepare the departmental plans.

Mr. Kelly McCauley: Minister, that is our issue with table A2.11, vote 40. You're asking us to approve $653 million, without any results posted as to what you expect taxpayers to get for that $653 million. We just heard your department saying that it hasn't devised a plan of what that money is for, but we, as parliamentarians, are expected to approve this money. Do you not see an issue with that?

Hon. Carla Qualtrough: I appreciate what you're saying. We're working really hard to align these processes better. What I understand the situation to be, quite frankly, is that it's not in the departmental plan.

Mr. Kelly McCauley: However, aligning the issue and taking away—

Hon. Carla Qualtrough: We know what that money is targeted at.

Mr. Kelly McCauley: But we just heard that you don't have the budget done up and you don't know what you're going to get for—

Hon. Carla Qualtrough: What we just heard was that it's not in the plan because of timing and that we're focusing on a Treasury Board submission, but I'm sure Mr. Muldoon can tell you what it's for.

Mr. Kelly McCauley: Regardless of the the timing, do you think it's correct to expect parliamentarians to approve $653 million for what is going to be basically a blank cheque, because we've heard that you don't have planned results for that, you don't know what the money is going to be spent for, and you don't have the time? We've just heard that you haven't had the time to develop it to get into this mix, but apparently we're supposed to rubber-stamp $653 million of taxpayers' money when you don't have a plan.

Hon. Carla Qualtrough: I think what Mr. Muldoon was saying is that we are working on the Treasury Board submission. We know what we want that money to be spent on, and he can elaborate on that. He was focusing on the plan in the Treasury Board submission.

Would you like to clarify, Marty?

Mr. Kelly McCauley: What is the money going to be spent on?

Please give us the detail of what that $275 million will be for and what the planned results will be, and the planned outcomes. If you have that information, why is it not in your departmental plan?

Mr. Marty Muldoon: You're not being asked on behalf of PSPC to approve the—

Mr. Kelly McCauley: This is money for PSPC. We were told very clearly by Minister Brison that the minister can come and explain that.

Mr. Marty Muldoon: Correct.

Mr. Kelly McCauley: What is the $275 million for, and what are your planned results for that? How much of that is going to be for staffing, and how much is for operations? If you have all that information now, why is not in the departmental plans?

Mr. Marty Muldoon: We have two years' worth of temporary short-term funding expiring. That is the reason you see our main estimates having a reduction in this space for the program integrity for our real property assets. It's been a well-documented case that's been to this committee numerous times in our supplementary estimates—

Mr. Kelly McCauley: But why is it not in the departmental plans?

Mr. Marty Muldoon: —where we've sought the money to return to the department to continue to provide vital investments in the many buildings that we operate on behalf of the public service across the country. We've successfully been named in budget 2018—

Mr. Kelly McCauley: So what is the $300 million for Phoenix release?

Mr. Marty Muldoon: We've been named in the budget to receive a continuation of the funding—

The Vice-Chair (Ms. Yasmin Ratansi): Sorry, the seven minutes are up. I'll have to go to the next questioner.

Mr. Garrison.

Mr. Randall Garrison (Esquimalt—Saanich—Sooke, NDP): Thank you very much, Madam Chair.

It's a pleasure to be here today. There are lots of important issues.

I want to note that the New Democrats share Mr. McCauley's concerns about approvals of things where we don't have the details, as parliamentarians.

Madam Minister, you presented us with a picture of Phoenix. I'm going to present you with a different picture, and that's from my constituents. I represent a riding where we have more than 1,000 people with Phoenix pay cases. We have DND, the Coast Guard, Revenue Canada. I have a whole lot of people who don't share your optimism.

When you say that you don't have a date when this will be fixed, I just did a bit of math here. You said you'd made progress—5,000 in a month. You said that in your pilots you had another 10% improvement. If you do the math on the transactions, that means that in about nine years, you'll finish with the outstanding transactions there. That's just not acceptable.

I don't see any plans in anything you talked about today...because I already gave you the credit for your pilot plans in that. Nine years from now, people can expect to have their pay straightened out. That is not good enough.

You asked the members to submit cases, and you did that when I raised this with you in the House of Commons. We submitted 13 cases on February 2, and you said that you responded within 10 days. Let me tell you what your department responded: "The request has been sent to the pay centre for review." Not one of those cases has been fixed, and we've had no further information on any of those cases.

Those were the most egregious cases, including one of the people —I'm not going to say where she was employed because I don't have her permission to do that today—whose daughter had to make the decision to drop out of post-secondary education because they didn't want to go further in debt. The pay problems are so complex in her case that they weren't able to get some of the emergency loans and things you said, because nobody can actually figure this out.

When you said that the number of complaints or cases given to you by MPs has dropped by 190, well I haven't sent you any more because you haven't dealt with the first 13. Yesterday I got 80 more cases from DND firefighters in my riding, with severe underpayment problems in most of the cases.

With respect, Madam Minister, when you say that these are just not some extra pay or some substitution pay, people base their family budgets and paying their bills on the pay they're entitled to get, and when they don't get it, it creates severe problems.

I know you painted a somewhat rosy picture of the progress. I just don't see it. More importantly, the public servants in my riding don't see it.

● (1130)

Hon. Carla Qualtrough: First of all, thank you.

I completely understand your frustration and the difficult situation we've put your constituents in. I can assure you that in no way by suggesting that people were getting their base pay but not other types of pay was I trying to be disrespectful of the position we've put them in. I apologize if that was how it came across.

I think we have to be mindful that this will not take nine years to resolve. The math I was starting to give your colleague had to do with...if you see a 24% reduction over four months in three departments, that's not nine years, if you can reduce the other 70-odd per cent in the next year or so. We don't know if that's going to be the same result as we roll out the pilot project. We also know that there are some departments—and you have a nexus of them in your riding between DND and Coast Guard—that have extraordinary challenges with both their HR systems and how their systems interface with pay and how they input their data.

One of the things we know is that this isn't just a matter of technology in pay; this is a matter of HR. Departments are regularly submitting their HR data late, which puts a stress on Phoenix that adds a complication. As soon as a transaction becomes retroactive because it's late, Phoenix doesn't like that. Now Phoenix shouldn't behave that way, but it does. The effort we're making with all departments is to ensure that their data is inputted on time and accurately.

Mr. Randall Garrison: Madam Minister, even if I give you your 25% improvement across the board, that's two and a half more years. Some of the cases I sent you in February have been outstanding since 2016.

Hon. Carla Qualtrough: We'll definitely have to look into those cases.

Mr. Randall Garrison: That means people are waiting four years to get correct pay. It's just not acceptable.

Hon. Carla Qualtrough: I agree.

Mr. Randall Garrison: Your assumption also is that you're not getting new cases. Are you telling us that you are not getting new cases and new problems under Phoenix? I don't believe that.

Hon. Carla Qualtrough: No, that's not my assumption at all. I apologize if I gave that impression. What I'm saying is that—and Les can help me with the math a little bit—the number of people affected went down by 11%. We are managing to basically process everything new that's coming in and to chip away at the backlog. The service standard is 80,000 a month, and that is coming in.

Les, can you perhaps give us more details on a sample month? Absolutely, we're getting new cases. We're just keeping within our service standard and chipping away at the backlog at the same time.

Mr. Les Linklater: That's correct. For the three departments in the pod pilot, we are keeping on top of the incoming transactions 90% of the time, and that has allowed the resources in the pod to focus on the backlog, as the minister said. We've seen that reduction.

Going forward, we want to ramp this up exponentially. At the end of May, we'll be launching another three pods for another 12 organizations. We're working with them now to set up those pods by the end of the month. There will be another wave in September with additional departments and agencies and so on. We're leveraging the experience of the people in the pods so we'll be able to expand the model as quickly as possible, recognizing that the timelines to address these issues are unacceptable.

Mr. Randall Garrison: The last thing I heard in my riding, especially from unions like the Public Service Alliance of Canada and the National Defence Employees, is that they've given up, and they'd like to see a commitment from the government to abandon this system. They don't believe it's ever going to be fixed.

What are you doing to get a system that's going to work?

Hon. Carla Qualtrough: My colleague the President of the Treasury Board is tasked, in parallel with our department, with focusing on stabilizing the existing system, because we have to pay 300,000 people every two weeks. He and his team are working to look at a next-generation pay system—what it will look like and how it will interface better with HR systems. Certainly, as was put into budget 2018, the $16 million—is that the right number, Les?

Mr. Les Linklater: Yes.

Hon. Carla Qualtrough: That amount is to look into the next system. We will not keep Phoenix in perpetuity, but right now we need to focus on stabilizing this system to get us to the point where, first of all, we're handing over clean data to any new system, and second, people are being paid in the meantime.

● (1135)

Mr. Randall Garrison: Thank you.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you, Mr. Garrison.

I forgot to welcome you to our committee, so welcome, and thank you.

We now go to Madam Mendès.

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Thank you very much, Madam Chair.

Good morning, Minister, officials, and guests. I thank you for the many updates you've given us on Phoenix, so I will not go there for the moment. I think my colleagues will take enough time with that.

I would like to ask you about prompt payment and the progress that has been made. I have some subcontractors in my constituency who have been working on the new Champlain Bridge project and who are quite impressed—well, positively impressed—with the federal government's decision to impose prompt payment, but we would like to see our provincial counterparts take the same approach, too. Could you give us an idea of the progress that has been made on that and how it's been implemented through federal contracting?

Hon. Carla Qualtrough: I know this has been a preoccupation of many of you on this committee. We have learned a lot from what has happened in Ontario, and we are taking a very similar approach with industry organizations. Earlier this year, we announced that we were seeking industry input and recommendations that will inform federal prompt payment legislation. We have retained the firm of Reynolds and Vogel, a third party contractor that was instrumental in bringing partners together in Ontario. They are out seeking input from the construction industry to identify the elements that would be in this legislation. We're hoping to very soon be in the process of accepting those recommendations, putting those elements in a legislative form, and starting that process within the House.

Mrs. Alexandra Mendès: Thank you very much.

I think a lot of it has already started to happen just because people know the legislation is coming and they've started to act on it, but it would be, I think, extremely important for them to know not only that the federal government has acted, but also that what it has done will influence the provincial—

Hon. Carla Qualtrough: I apologize. Yes, I think the key element to this is showing leadership and putting some influence on other provinces and territories to follow suit because so many subcontractors are within provincial jurisdiction.

At the federal level we can show leadership and raise these issues at FPT tables where we have those opportunities and show the success of Ontario, and ultimately our success, will inspire other provinces and territories to follow suit.

Mrs. Alexandra Mendès: This very long delay in payment for the subcontractors who don't have the financial capacity to withstand...has been an important, very troublesome matter that's been going on for years.

Now I'd like to go to another subject that I hold dear to my heart, and it's Canada Post. We have a new chair, five new board members, but we still have no CEO. I know that Ms. McDonald is interim CEO.

Could you give us any indication, Minister, of when we should expect the nomination of the CEO?

Hon. Carla Qualtrough: As you know, Canada Post has been studied in depth over the past while. We put forth our vision in early January for a renewed Canada Post that does focus on service to Canadians.

Our appointment of Jessica McDonald as chair, quite frankly, has been extraordinarily positive for both the organization and union-management relations. She's working very hard, as I said. We made the five appointments last Friday. We are working on the CEO appointment; we're close. I can't give you any more information than that, I apologize, but I have a meeting this afternoon on that.

It's very hopeful. Profits are good. We're really looking, and Ms. McDonald and her senior management team and the board have a renewed energy and innovation around this, and I'm really interested to see what they do with Canada Post.

Mrs. Alexandra Mendès: When would they indicate where they would like to take the organization? Are we expecting something this year? Next year, after...?

Hon. Carla Qualtrough: We have to give them time to gel as a board, to hire and work with the new CEO and any management changes that happen as a result.

They've already tabled their corporate plan for this year, so I expect by the end of this year or early next year we'll see something coming out of Canada Post to share with us their thinking on the future of this organization.

● (1140)

Mrs. Alexandra Mendès: You mentioned that relationships with the unions have been greatly improved since Ms. McDonald's appointment. I have heard from the unions themselves that they believe things are looking better, but some still insist on mentioning the tensions they feel at the work level, of bullying more than anything else. I wonder if you've been made aware of these issues and how we intend to deal with them.

Hon. Carla Qualtrough: Absolutely. I'm very alive to this issue. It's something I've been engaged with personally in conversations with Ms. McDonald, with the union, with the union members who have come to me personally with their issues.

I was presented with binders and binders of complaints by the union. We recognize, first of all, this is absolutely unacceptable. While Canada Post has a policy against harassment and bullying, there's a fundamental culture shift that we all recognize has to happen within this organization to get the change that is required to eliminate this kind of behaviour on the floor, for lack of a better way of putting it.

I've met with employees. I've spoken. I've written to Ms. McDonald on this issue, and I'm very regularly updated on initiatives that are being taken.

I think fundamentally, as much as I said the relationship has improved, it has hiccups and more work needs to be done to improve those relations. Tensions exist. Aside from whatever that relationship is, fundamentally we have zero tolerance in our governments for bullying and harassment and that required culture change needs to be a top priority for both senior management and the new board.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much. Committee and Minister, before we go to the second round of five minutes, I'd like to seek your indulgence. I know you have given us an hour and that would be noon, but we started a little late, so would you mind going five minutes extra?

The first five-minute round would be Mr. Kelly.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you, Minister.

According to the departmental plan for National Defence, your government is actually spending significantly less than what was promised. Can you explain the discrepancy?

Hon. Carla Qualtrough: Would that be Michael? Where's Michael?

Mr. Michael Vandergrift (Associate Deputy Minister, Department of Public Works and Government Services): It would really be for the Department of National Defence to reply on the status of their expenditures year over year. The government has committed to significant investments in defence through the "strong, secure, engaged" policy, and those investments are rolling over in the next several years.

Mr. Pat Kelly: I'm sorry, but that's a little disappointing as an answer, because the Minister of Defence repeatedly defers to you when asked the same question. It's not acceptable to have two ministers passing the ball back and forth. The minister was asked on multiple occasions, including at committee of the whole, who is responsible for getting the money out so that important projects can be undertaken to supply our troops.

Hon. Carla Qualtrough: It might be helpful for you to give me a specific example as far as the way we work with client departments, most closely with defence, for obvious reasons. Defence identifies a need and our department works the process through. If it's a process question you have, if there are concerns about how long it's taking on a specific acquisition, we can certainly answer that question.

If they haven't made their request, or if they haven't identified the need, then we don't dictate that. We don't tell them they said they were going to ask us to do these things and they haven't. It's really their ball to carry and I think that's fair.

Mr. Pat Kelly: There are a number of significant needs that have been readily identified. Our air force needs new fighter jets. Our navy needs new ships. Our army needs new vehicles and ammunition. These are well-known needs that have been discussed ad nauseam and it is frustrating to seemingly see no action on these important things. Here we are again at another meeting being told that you don't know, that you're waiting for somebody else to tell us.

Hon. Carla Qualtrough: With respect, I'm not saying that. I gave you an update on the ships and the fighter jets. We are making progress on both those files— and significant progress, I would say.

Michael, I don't know if you want to add anything, but we are moving forward with these acquisitions.

● (1145)

Mr. Michael Vandergrift: We are making progress on those major acquisitions. We've also taken steps to try to streamline defence procurements in certain areas. For example, we are giving increased authorities to National Defence to run its own lower-value procurements, so that PSPC can concentrate on the higher-value ones and DND can do more throughput on lower-value ones to help increase the—

Mr. Pat Kelly: Maybe you can give us some more specific time frames on fighter jets and shipbuilding?

Mr. Michael Vandergrift: On fighter jets, the competition is launched for the permanent fleet replacement. We hope to have our draft RFP out this fall and the whole RFP out in the spring of 2019 for jets to have a contract awarded in 2021-22 with operations in 2025. That's what the government had committed to achieve and we're on track to achieve what the government had committed to on the—

Mr. Pat Kelly: The RFP will be out in the spring of 2019—

Mr. Michael Vandergrift: That's right, for 2020.

Mr. Pat Kelly: Say that again, about the expectation of completion of the acquisiton?

Mr. Michael Vandergrift: The date for that is 2025. That's when the jets are fully operational, the training is done, and they're fully operating in the fleet, etc.

Mr. Pat Kelly: Okay.

Mr. Michael Vandergrift: There are a lot of steps in that process —getting the infrastructure in place, training....

Mr. Pat Kelly: So the awarding of the contract is 2021. Is that what you said?

Mr. Michael Vandergrift: That's right.

Mr. Pat Kelly: You would award the contract in 2021?

Hon. Carla Qualtrough: It will be late 2021.

Mr. Pat Kelly: It seems that many of our allies find ways to procure their equipment a lot more quickly and efficiently than we can. I think there's tremendous work still to be done in this area.

Why does a 400-page budget devote no pages to National Defence?

Hon. Carla Qualtrough: I don't know that I'm in a position to answer that. I didn't write the text of the budget.

Mr. Pat Kelly: I appreciate that you're not the Minister of Finance, but procurement and military procurement is a huge part of what you do and the budget is silent on it.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

Welcome, Mr. Fergus.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you, Madam Chair.

Thank you, Minister and departmental officials for being here with us today.

I know that you don't want this issue to become a source of conflict, and I don't want that either. As you know, my riding is made up mostly of people who work for the federal government and many of them have had to deal with Phoenix problems.

This issue is causing a lot of stress and hassle. However, I must commend you because, since you took office, the tone has really changed. A lot of progress has been made on this file, and I congratulate you for that. However, I do have a few questions.

Minister, during your testimony today, you said that you did not plan to keep Phoenix in the long term.

[*English*]

What does the endgame look like for you with regard to Phoenix?

Hon. Carla Qualtrough: To be cheeky, the endgame is that everybody is paid accurately, and on time.

It's going to take time and money to get there, and in parallel to us moving full steam ahead on stabilizing this system, a separate team, informed by the lessons from the acquisition of this system, is working to determine what the next system will be. Going full steam ahead and stabilizing this means transitioning departments to the pod concept, having ongoing technological and process improvements and automating as many of these functions as we can, and having a full-court press awareness campaign across the government on inputting data accurately and on time.

I cannot stress this enough, and this is not about blame whatsoever, but the more transactions that get input on time, the fewer the problems they will have with Phoenix. Phoenix doesn't like retroactivity. As I said, we wish it did, but it doesn't. We find that over 90% of the transactions input on time have no trouble with Phoenix.

● (1150)

Mr. Greg Fergus: Minister, those are impressive numbers, and you're absolutely right that things can be processed on time if we make sure they're being put in correctly. However, there is still that 10% of cases in which, even if they are input correctly and on time, Phoenix still seems a little buggy.

Has any serious consideration been given to hiving off the departments that do those calculations on time and accurately? Was any consideration given to hiving them off the system so that those people can get paid correctly, and then trying to devote greater resources to those cases that are more problematic?

Hon. Carla Qualtrough: Absolutely. Part of the flexibility within the pod concept—and Les can add to this—is the idea that we can be more responsive to the uniqueness and circumstances of each individual department. If there are specific collective agreement terms, if there's a certain type of pay, or if it's a certain type of work, like someone out on a Coast Guard boat for two weeks, they can't get their transactions put in on time by virtue of the way their work is organized. By dedicating pods to specific departments and agencies, we can address more directly the challenges and idiosyncrasies of any one department.

Les, can you add to that?

Mr. Les Linklater: One of the benefits of the pod concept is the dedicated resources in Miramichi that can then be focused exclusively with the HR and financial units within the departments they serve. They can deal with issues much more quickly as they arise. The relationships are being built, and we can work with those respective departments more directly, as the minister says, to address their particular priorities around the problems their particular work organization is experiencing.

Mr. Greg Fergus: Very quickly, Minister, on another issue, I know the department has done great work in terms of awarding contracts to, and trying to work with, indigenous peoples. Has greater thought been given to working with groups of Canadians, perhaps even racialized Canadians, that have had difficulty breaking through in the system and getting contracts?

The Vice-Chair (Ms. Yasmin Ratansi): The answer will have to be really brief because his time is up.

Hon. Carla Qualtrough: Yes.

The Vice-Chair (Ms. Yasmin Ratansi): We'll go to Mr. McCauley for five minutes.

Mr. Kelly McCauley: Very quickly, you talked about "Strong, Secure, Engaged", and the money you identified there. By this point in the mandate, we should be at $6 billion a year. We're currently at $4 billion, so you're underfunding defence by about a full one-third. To actually achieve what's in "Strong, Secure, Engaged", you'd have to increase funding by over 300%. We haven't seen that since the Korean War, so I would strongly suggest you go back and take a look at your math, because I don't think you're going to accomplish it.

Now, Minister, the reason I asked the question about Treasury Board not going after employees for overpay is because the last time you were here, I presented an email of about 100 pages from a constituent of mine, Sebastienne Critchley. She still hasn't had her 2016 T4 set, but they're going after her for a $7,000 gross overpay. She got her paycheque, and $7,000 was given to CRA. PSPC is calling her for that, and there are several others identified in her office, so that's why I asked that specific question. I would urge you to please follow up with your department to let them know the rules, because they're very clearly violating what Treasury Board is saying and what you're saying. Thank you for that.

I just want to get back, please, to the budget, A2.11. There's $307 million for Phoenix. I'd like to know what that money's specifically going to be used for, how you came up with that budget, and, again, what you're hoping to accomplish with that.

My second question is regarding the $653 million that's in A2.11 for public services. How is that money going to be detailed and shown in the *Public Accounts*?

Hon. Carla Qualtrough: Les, or Marty, do you want to take that?

Mr. Les Linklater: Regarding the funding for Phoenix, we have been building capacity on the HR front and also working with the vendor on systems. We are using—

Mr. Kelly McCauley: Building capacity this past term. What is this $307 million for, please?

Mr. Les Linklater: These funds will allow us to continue to maintain that capacity and to augment it so that we can keep the compensation staff we've hired on strength, and to hire further.

Mr. Kelly McCauley: If it's part of an ongoing program, why is it not in the departmental plan?

Mr. Marty Muldoon: I'm glad you raised the question again, because it would be very presumptuous of us to put in plans, published documents, that which has not been voted by Parliament ahead of the schedule. It's unfortunate that we're in that timing issue —

● (1155)

Mr. Kelly McCauley: But your other estimates are in the plans.

Mr. Marty Muldoon: Because they're already available for you to vote on.

Mr. Kelly McCauley: There are items from the main estimates that are in your DP that haven't been voted on yet, just like A2.11, which is not in the departmental plans.

Mr. Marty Muldoon: That's why they're here, though. The other ones have been through Treasury Board. They're here for you to vote on. These ones, we will go to Treasury Board with.

Mr. Kelly McCauley: Sorry, everything in the main estimates for PSPC has gone through the Treasury Board process, is that what you're saying?

Mr. Marty Muldoon: Well, most of it's renewal funding, but if there's an item like G7—

Mr. Kelly McCauley: No, that's not my question. You just said everything has been approved by Treasury Board already, that's in the main estimates, hence it's in your departmental plan.

Mr. Marty Muldoon: Of course, yes.

Mr. Kelly McCauley: You've already gone through the Treasury Board process. Everything that's missing came out....

Mr. Marty Muldoon: For the main estimates, everything at some point in its history would have been through a Treasury Board process. If it's steady state, ongoing operations, it doesn't go back over and over again. It's steady state. It's in our appropriations for you to vote on.

Mr. Kelly McCauley: How would the items be detailed in the *Public Accounts*, please, of this money?

Mr. Marty Muldoon: Well, the *Public Accounts* is the end of the year expenditures incurred on behalf of the departments of whatever funding was brought in.

Mr. Kelly McCauley: The reason I ask, the Parliamentary Budget Officer's appeared and testified that the money will only show up as a lump sum. It won't be detailed like traditional *Public Accounts* or spending items that are in the main estimates.

Mr. Marty Muldoon: Well, we're really into two different worlds. The *Public Accounts* is the end of the year accounting of the expenditures incurred by the department in a—

Mr. Kelly McCauley: I'm just asking, how will it be...?

Mr. Marty Muldoon: It will be published the way the *Public Accounts* always publish our documented financial statements accounting for the expenditures.

Mr. Kelly McCauley: You're saying you're going to identify, detail, all the $653 million, individually, just like regular public accounts spending. That's different from what the PBO says.

Mr. Marty Muldoon: I'm not familiar with what the PBO said.

Ms. Marie Lemay (Deputy Minister, Department of Public Works and Government Services): That would be our expectation, though, to provide—

Mr. Kelly McCauley: It all goes back to transparency and taking away accountability. The whole reason Parliament exists is that, as the old saying is, "That which touches all should be approved by all", yet we have $7 billion in vote 40. We've heard from Privy Council. Now we're hearing from your department that this money is just pre-approved through Treasury Board without actually being scrutinized by Parliament, whether by me, my NDP colleagues, or your own Liberal colleagues, so it's a great concern.

Ms. Marie Lemay: That's not what we said. We were talking about the main estimates. We're not talking about the $653 million.

Mr. Kelly McCauley: No, I'm talking about the $653 million for PSPC that's in the budget in table A2.11. Why is it not in the departmental plans if they are items that are to be approved in the main estimates that we won't even get a chance...?

Normally, you would appear before us, justify what the costs are, but we're hearing that we don't have the detailed costs. Yet we're expected to approve them.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

We now go to Mr. Eyking for five minutes.

Welcome to the committee.

Hon. Mark Eyking (Sydney—Victoria, Lib.): I thank the minister and everybody for being here.

I believe and many believe it's important for the minister to get away from the Ottawa bubble and get away from the top bureaucrats sometimes and get to the front-line workers who are out there working around the country. It's my understanding you visited Miramichi. We all know what they've gone through over many years.

They had the system of the gun registry and the Conservatives changed that. There was a new system put in place and probably not enough employees, and those employees were forced to transfer there, and the new system was not very good. So this government inherited the fiasco. We've had a couple of years and a couple of ministers.

What was your feeling when you were there, when you talked to the employees? Are they feeling more hopeful? How was it? Tell us exactly what you sensed and felt from them, what they went through, and what they're hoping to see in the future?

Hon. Carla Qualtrough: Last Friday I was in Miramichi. We announced the opening of a state-of-the-art pay centre and the rollout of the pod pilot project. I spent quite some time with some really important focus groups with some very candid and thoughtful employees. They shared with me both the struggles they've had over the past two years going through all this change and the feeling of bearing the weight of the world on their shoulders that they can't pay their colleagues in Victoria, that they haven't been able to resolve this or slay this dragon. It was demoralizing.

I felt a very different tone from the focus group I did with the employees in the pod project, who have seen success and feel like they have a plan. Their respectful request to me was that we don't get in their way. They think this is the way to deal with this and to support them and to build the capacity around them, and to focus ministerial priorities on getting these pods implemented and rolled out within capacity limits as soon as possible.

I think there's still a frustration amongst employees, not at all to the same extent in terms of their not maybe having the tools, like they felt in the past, or not being very clear on how they could solve this, but that it's not being resolved as quickly as they would like. They want to help their fellow public servants. They're hired with this big idea that they're going to come in and we're going to slay this dragon and it takes time.

I talked to a union representative who said that he's noticed an absolute change in the demeanor and morale. I heard about a woman who historically has spent some time every spring on stress leave, and this was the first time in three years she hasn't taken that stress leave because she feels like she's supported. So the morale has definitely improved. I would say significantly, but you may have noticed I have a penchant for optimism.

I left there hopeful that employees feel like they're well supported, that the government has their back, that their fellow public servants understand how hard they're working, that they're no longer being blamed for this. Before, headlines would say Miramichi this and Miramichi that. That's not the case anymore. Everybody understands how hard they're working.

I told them and I'll tell you. I'm unapologetic about making sure everybody knows that.

● (1200)

Hon. Mark Eyking: My region is the same. We have a rural region with a lot of unemployment. These jobs are so important for these employees. It's not like they can just say this is too tough and go down the street and get another job. They want to stick it out. They're in the community and want to make it.

Could you tell me about these pods? I don't understand what you mean.

Hon. Carla Qualtrough: I would love to tell you about pods. This is a concept developed by employees at Miramichi. Originally one of the approaches we took on Phoenix was to take a horizontal transaction-type of approach. We'd deal with all maternity transactions, all disability transactions, all late payments, and attack it transaction type by transaction type. The feedback we had was that this wasn't making any one person whole, because we might have dealt with your maternity leave but we hadn't dealt with the three or four other things that you might have in the Phoenix backlog.

It was recommended that we take a "whole person" approach. This was the recommendation of unions, the recommendation of experts, and certainly of employees in Miramichi. They came up with the idea that we build a dedicated, skill-based team. They all work together; they're attached to a department or agency. They systematically deal person-by-person with all their transactions. So, they will deal with your two transactions, your four transactions, your seven transactions. We resolve it for one person instead of one transaction type.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you, Minister. It's an exciting concept to listen to.

We will go to the last three-minute round.

Mr. Garrison.

Mr. Randall Garrison: Thank you very much, Madam Chair.

I do want to say that, while I don't believe the band-aid approach works for the system, it does work for individuals, so I appreciate the minister saying she would look at my 13 cases again, but I promise her another 80 as soon as she does.

Hon. Carla Qualtrough: That's not motivating.

Of course I will, I apologize.

Mr. Randall Garrison: It should be motivating.

I want to turn to the national shipbuilding strategy that all parties agreed to in the last Parliament in the hope that we could create a new system that wouldn't result in boom and bust at the shipyards, but last year we had the first discussions that there might be a gap on the west coast between the production of the offshore fisheries patrol vessels and the new supply ship that might be as long as 18 months. This week we had reports coming from Halifax that the Arctic offshore patrol vessels and the Canadian surface combatants might also have an 18-month gap.

That 18-month gap isn't acceptable for families who depend on those jobs. These are highly skilled workers. We're going to lose expertise in those 18 months in order to produce what we need for the Canadian military.

What initiatives are you going to take as a minister to try to help fill those gaps?

Hon. Carla Qualtrough: I think you've nailed the two issues.

First of all, it's not good for Canadian dollars that we lose that expertise. It will cost more to build ships if there's a gap in production. It will take longer, because we'll have to ramp up the expertise as we move on to the next ship. It's certainly not at all acceptable for people and jobs, so we recognize these gaps.

I think, Michael, you're probably in a better position to talk about that, but what I will tell you is we are working with both shipyards on the gaps both on the west and east coast. I'm working to find creative solutions to help address this issue.

● (1205)

Mr. Michael Vandergrift: Absolutely. Thank you, Minister.

We are working on both yards. This is an acute issue at both yards, certainly. In Vancouver we're looking at issues. For example, could we start early work on the JSS as a way to fill some of the gaps? That's an option that's being looked at quite closely right now.

On the east coast, there's the question around the number of AOPs, for example. It's five or six under the contract. We'll be making a decision around the AOPs and how we manage that. Of course, trying to make sure the surface combatant project moves on schedule is key to this as well. We're definitely engaging with experts trying to figure out what the available options are to fill these gaps. It is an acute issue.

Mr. Randall Garrison: I look forward to seeing progress in this. When I say west coast, I say west coast on purpose. It's not just Vancouver, but my riding in Esquimalt, as well.

In addition to that, as part of the shipbuilding strategy, we said there would be additional work available to other shipyards, including shipyards like the Davie shipyard. Can you give us an update on the progress on negotiations over icebreakers, which would keep workers working in Quebec as well?

The Vice-Chair (Ms. Yasmin Ratansi): In seven seconds.

Hon. Carla Qualtrough: We're still in negotiations. We recognize the expertise of the workers at Davie. There's really nothing more to update you on. We're still at the table.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much.

Thank you, Minister, for giving us this extra time.

Committee members, the department officials will stay for the second round. I'll suspend the meeting for two minutes.

● _____ (Pause) _____ ●

● (1210)

The Vice-Chair (Ms. Yasmin Ratansi): Welcome to the department officials.

Madam Lemay, do you have any opening remarks? No.

I'll start off with the first round of questions.

[*Translation*]

Ms. Mendès, you have seven minutes.

[*English*]

Mrs. Alexandra Mendès: Thank you very much, Madam Chair.

The Vice-Chair (Ms. Yasmin Ratansi): Folks, sorry, before we go, I'll need five minutes to do the votes for all the things that come before us. Thank you.

Go ahead. You may start.

Mrs. Alexandra Mendès: I can start the votes, or do you want to —

The Vice-Chair (Ms. Yasmin Ratansi): No, no, you have to start asking the questions.

Mrs. Alexandra Mendès: Thank you very much again for staying with us.

I'm going to refer to this article that was published yesterday by Mandy Kovacs. She reported on the consultation you've undertaken at Shared Services—a very wide consultation of 2,500 people, if I understand correctly.

Mr. Parker, I would appreciate if you could share with us the results of that consultation. What does it say about the progress you've been making in implementing the mandate of Shared Services Canada and the improvements that have been accomplished so far?

Mr. Ron Parker (President, Shared Services Canada): The article was dealing with the employee morale. Is that the right article?

Mrs. Alexandra Mendès: It's not only with employees: "its own employees, other Canadian government employees, young federal public servants, industry representatives, and the general public..".

It's not just—

Mr. Ron Parker: We've done a lot of surveys and consultations, so I wanted to make sure I was on the right subject matter.

That was an important part of setting the stage for development of the new plan for SSC. There are many components to that, including a Gartner report, those broad-based consultations that included employees, the general public; it included departments and partners. We used that input to reformulate the plan and reset SSC. That reset was announced in the budget.

Those consultations and the outcomes are resulting in an opportunity to put in place the foundations for the success of the department. They span from the adoption of cloud computing, accelerating the cloud computing adoption; deepening the cyber and IT security investments in collaboration with TBS and the Communications Security Establishment; making sure that our current operations continue to function well, so benefit payments to Canadians are not impeded and all of the services that depend on the IT infrastructure continue to operate. It's to provide the opportunity —and this is really important—to get a baseline of the asset holdings of Shared Services Canada, because a physical inventory was never passed along at the inception of Shared Services Canada. A physical inventory will tell us exactly what we're managing, what needs to be renewed, how it's connected.

All of that is fundamental to keeping—

● (1215)

Mrs. Alexandra Mendès: Is that ongoing?

Mr. Ron Parker: —the IT infrastructure in sound shape going forward.

Mrs. Alexandra Mendès: Is that physical inventory ongoing?

Mr. Ron Parker: We will be launching a project to do that physical inventory over the next year or two. There are tens of thousands of assets that need to be examined.

Mrs. Alexandra Mendès: I can imagine, yes.

Is this throughout the public service?

Mr. Ron Parker: It's throughout every building that exists where public servants are, especially data centres where there are servers to compute storage networks, including anywhere there is a local area network, a connection to a department as well. It's a vast exercise.

Mrs. Alexandra Mendès: That is massive. It's quite a massive exercise.

I think one of the other things that the survey came out with is that there's a certain preoccupation with the turnover in terms of managers, that one of their wishes would be the stability of the management teams.

Could you address that, please, for us?

Mr. Ron Parker: Turnover is one aspect, especially for morale overall. It has been an issue. Overall at Shared Services, turnover rates are very similar to the rest of the public service, but being a new department, even after seven years, in relative terms it's still a new department. Stability matters tremendously.

In terms of addressing it, we are providing training opportunity for leaders, for managers to improve communications. We're improving training and development opportunities for employees, communicating more with them about the direction, and listening to them, and their concerns especially.

Mrs. Alexandra Mendès: Has there been any work done with regard to comparing what Canada has been attempting to do with Shared Services and work in other jurisdictions that would compare to ours? I wouldn't talk about the United States. It's way too big, and it's so huge it's difficult to compare it with them. Australia or even the U.K. would perhaps be more comparable. Have you done any kind of comparison with them?

Mr. Ron Parker: One of the aspects of the report that Gartner did was a comparison with selected countries. They found that what we're undertaking is unprecedented across governments in the world. At the same time, they also endorsed the direction, the model that has been adopted, in terms of having a unified approach to the IT infrastructure for the government.

I can also say from a security point of view that the feedback we get is that almost all countries are extremely envious of the efforts that have been made, because we have an ability to bring together all the networking of the government and to monitor and control the accesses to the Internet and we have very good visibility into what's coming into the Government of Canada network and what's going out. That's a security stance that doesn't exist anywhere else.

Mrs. Alexandra Mendès: Would that—

The Vice-Chair (Ms. Yasmin Ratansi): Your time is over.

We now go to Mr. McCauley for seven minutes.

Go ahead, please.

Mr. Kelly McCauley: Ms. Lemay, when did you know that Mr. Liddy had been told by IBM not to go ahead with Phoenix? I'm just curious. In all the meetings we've had, it never once came up.

Ms. Marie Lemay: You are telling me right now? Because I still don't have anything that says IBM told him not to go ahead.

Mr. Kelly McCauley: IBM testified in front of the Senate. Are you not aware of that testimony in the Senate?

Ms. Marie Lemay: I am. I believe the way IBM said it was that they had.... Let me refresh my memory.

Mr. Kelly McCauley: It said specifically to not go ahead with the pilot and that Phoenix wasn't ready.

Ms. Marie Lemay: It was the pilot. Then it was moved. That was when the move was supposed to be in the fall, and then it was moved to the spring.

● (1220)

Mr. Kelly McCauley: This was around November or December of 2015. Were you aware of that?

Ms. Marie Lemay: It was that move from the fall that was moved to the spring. That's when they said not to go ahead.

Mr. Kelly McCauley: Were you aware of that?

Ms. Marie Lemay: Everybody was aware of it because they moved. The launch was supposed to be in the fall.

Mr. Kelly McCauley: I know. Were you aware of IBM saying not to do the pilot project and that Phoenix was not ready?

Ms. Marie Lemay: Yes. I was aware that IBM was engaged with the team, and the team decided not to go ahead and to actually move it after discussions with the DMs, and the whole process. That part was known by everyone.

Mr. Kelly McCauley: It came up from what Ms. Mendès was saying about the quick pay for federal contractors. I'm not sure if you are going to be able to answer. One of the issues that has been brought up is extending the quick pay process for the subcontractors.

Do you know if we're planning to extend that to the subcontractors as well, or just follow the Ontario model, which I think just has the contractors on the quick pay?

Ms. Marie Lemay: There are obviously jurisdictional issues with the federal government compared to the provincial government, but what we're looking at—

Mr. Kelly McCauley: No, I'm talking about federal government projects. Do you know if that will extend to subcontractors?

Ms. Marie Lemay: What we're looking at is the adjudication process, and we're looking at the terms of payment. In that sense, yes, it would.

Mr. Kelly McCauley: You mean to the subcontractors? Excellent. That's great news.

On page 11 you talk about a social procurement pilot. Could you let us know what that is?

Ms. Marie Lemay: I believe that's the apparel one.

Mr. Kelly McCauley: "PSPC will...continue to develop approaches regarding green and social procurement proposals, conduct social procurement pilots...."

Mr. Michael Vandergrift: What we've done, for example, is to require a certification for apparel suppliers to ensure that their supply chains comply with good practices in terms of not having child labour and that sort of thing.

Mr. Kelly McCauley: So you have done the pilots already?

Mr. Michael Vandergrift: We've done a pilot on that one.

Mr. Kelly McCauley: Okay.

On Bill C-344, with regard to the community benefits, I have asked several times if we have costed out what that will cost the taxpayers. Also this extends to the small and medium-sized enterprise procurement study we have been working on for quite a while in a non-partisan fashion. We've heard repeatedly that paperwork and uncertainty around contracts make it difficult and proportionally exclude women-led small businesses.

Have we done a study on what Bill C-344 will do to that issue but also to add to costs for taxpayers?

Ms. Marie Lemay: In terms of the community benefits, it's information gathering. We're going to gather the information. There's a possibility of asking the contractors to provide that information.

So no—I think we've answered this before—there hasn't been any costing yet.

Mr. Kelly McCauley: The answer before was always, "We haven't done it yet."

Ms. Marie Lemay: It's still the case.

Mr. Kelly McCauley: It's still the case? Okay.

Your departmental plan results refer to different methodologies. Page 14 is an example. This has come up in previous years. It's almost like, "Well we can't compare it to what we did last year because we've changed the goal post." We're not able to compare apples to apples in where your department is. This is not just your department; this is several departmental plans across the whole of government.

Would you be able to go through and provide to us apples to apples from the departmental plans so that we can actually see what you're accomplishing or what your goals are?

Ms. Marie Lemay: I think the good news this year is that, as you've probably noticed, the plan is totally different. We had to review our indicators. There are a number of indicators for which we won't be able to do that because they're entirely new. The purpose is to be more reflective of what we're doing.

Mr. Kelly McCauley: Are we comfortable then that all of them are entirely new and that we don't have data from previous years?

Ms. Marie Lemay: Some of them have changed. For the ones where you don't have the tracking behind them, it's because they are are new.

Mr. Kelly McCauley: Okay.

Page 18 is about paying people on time. It was 36% last year, I think. Your goal is to go up to 95% by March 2019. We asked when it will reach a steady state. The Minister was honest and said, "Well, we don't know." I accept that, but it looks like in your departmental plan, you're saying March 2019 for a steady state of 95%.

Is that aspirational? Is that kind of a "best of," or is it, "Hey, we're going to achieve this"?

Mr. Les Linklater: That would be aspirational, for those service standards that have been published, particularly for maternity, parental, and disability benefits.

Mr. Kelly McCauley: It doesn't state that for maternity. It states for overall—

Mr. Les Linklater: No, but as an example, the service standard is to process those transactions within the published service standard, 95% of the time.

Mr. Kelly McCauley: Is it realistic then to set a goal like that, which apparently we're not going to be able to keep, if it's aspirational?

It would be fantastic, and I would congratulate you if you could get to 95% of pay being done on time. It would be a steady state, and the Minister could answer correctly, "That's when we'll hit a steady state." She said we couldn't.

What's the point of setting up aspirational goals? Should there not be an actual goal we should be aiming for, so we can measure it?

● (1225)

Mr. Les Linklater: That target is one that has been in place and will continue to be in place. We need to manage our work to be able to move as close to that as we can, as quickly as we can, to reflect a steady state.

Mr. Kelly McCauley: Are there other items in the departmental plan that are completely unrealistic, then?

I'll be honest. As a parliamentarian, I find that misleading. If you state that your goal is 95%, it's not a true.... That's like me saying, "Well, my goal is to do a marathon in 50 minutes." I know there's no way that's going to happen. I should set a realistic goal and publicize it.

Is it misleading to say 95%, when you're just stating, "Well, it's not going to happen."

Ms. Marie Lemay: Mr. McCauley, the pay one is an exception. As you know, for us to pick a number at this point would be extremely difficult. Taking the aspirational one is the best second choice.

Mr. Kelly McCauley: Can you give us a better guess?

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much, Mr. McCauley.

We now go to Mr. Garrison for seven minutes.

Mr. Randall Garrison: Thank you very much, Madam Chair.

Thanks to the officials for staying with us on this.

I want to follow up some of the questions that were raised earlier by Mr. McCauley, about table A2.11.

I want to try to clear things up a little. It may be only for me, but I think there are others who have this question.

There are things that are listed there for PSPC—$653 million worth of spending—and for Shared Services—$289 million of spending. That's nearly a billion dollars. Are those in the main estimates?

Ms. Marie Lemay: Those were announced in the budget. They are not in the main estimates.

Mr. Randall Garrison: They're not in the main estimates—

Ms. Marie Lemay: In the case of PSPC.

Mr. Randall Garrison: When it comes to this committee voting on estimates, we're not voting on that billion dollars. Where is that billion dollars?

Ms. Marie Lemay: It's not under PSPC main estimates. It would be under TBS.

Mr. Randall Garrison: Just in the Treasury Board, in general. If members of this committee want to find out more about any of those items, things like gender-based analysis or official languages, the analysis of those items is part of the normal review of Treasury Board, but these items haven't been through Treasury Board. Has that analysis been done, and how do we find out about that?

Ms. Marie Lemay: We can certainly report on it when we draw money, and when we're here, we can tell you. At this point, they're not in the main estimates. We're at the point where these are at the budget level. We do obviously have a very good sense of what they are, but it's not finalized.

Mr. Randall Garrison: As a parliamentarian, I have a problem with accountability there. If you can't tell me about gender-based analysis or meeting official language requirements at this point, I still have to vote at some point on a billion dollars of its spending, and I can't be assured that those things have been done.

Ms. Marie Lemay: On those two. if we want to access the money we'll have to do it. I don't know if that reassures you but that's part of what we have to do to be able to access some of that money.

Mr. Randall Garrison: But I guess certain basic things—I'm defence critic and we go through it in Defence—what is the split between capital spending and operating spending and those kinds of things? How do we know what's going on with the items listed in that billion dollars worth of spending?

Ms. Marie Lemay: I don't know, Marty, if you want to add something or maybe Ron.

Mr. Marty Muldoon: We are in that transitionary year. You know that the process is changing so in the future budget items would have been secured and available to be added to the main estimates before we appear at this meeting with you before this committee. We will get there, but this is the awkward transitionary year where not everything has been completely lined up. Maybe it's not the best of answers. At the end of the day, when we go through the supplementary estimates process to follow later in the year, these items won't be tabled in the standard way as you would have seen before. They will be published, nonetheless, in our supplementary estimates as dollars coming to the department. Certainly, that would be an opportunity where we can have a much more fulsome dialogue.

To the questions that were asked earlier, it's impossible for us to presume Parliament will approve them exactly the way we have thought about them. We can't publish them in our plans. We obviously have a very solid idea of what we were thinking and what we need them for. At some point, once we've refined those plans and they have been accepted by the Treasury Board, then we will have that planning detail to be able to have a fulsome dialogue here at this committee.

Mr. Randall Garrison: Each dollar of that billion will come back as supplementary estimates. That's what you are promising.

● (1230)

Mr. Marty Muldoon: In a different way than normal. Normally we would have come here, and it would have been an estimate by vote. But that vote is happening now on the Treasury Board P3 where you see the million dollars. When we return you'll see it as a printed item not to be voted on in the supplementary estimates, but it doesn't mean we couldn't talk about them.

Ms. Marie Lemay: We'll be able to give you much more detail on them at that point.

Mr. Randall Garrison: We're back to my initial problem with this. At this point, should a committee decide not to approve something in there, it's already approved before we can ask any questions about it. That's what you're telling us. It's not coming back in supplementary estimates.

Ms. Marie Lemay: It's coming back for discussion because you'll see it.

Mr. Randall Garrison: It doesn't matter what we think as parliamentarians at that point because—

Ms. Marie Lemay: I think again, as Marty said, the important thing is the transition year and trying to align.... I don't know, Ron, if you want to add anything from SSC's point of view.

Mr. Ron Parker: The investments that are reflected there for Shared Services Canada are very much aligned with the descriptions in our departmental plan around the major activities.

Mr. Randall Garrison: But that's still problematic for accountability in Parliament. If we can only ask questions after we have approved things it doesn't have any impact. It's taking for granted the role that certainly this committee would have in providing some supervision over spending. It's writing that off this year.

Ms. Marie Lemay: If that's helpful we can give you the high-level discussion, if you want, to go through the items.

Mr. Randall Garrison: The high-level discussion, but if I want to ask questions about gender-based analysis and official languages—those are my two I would ask you lots of questions about—I can't do that.

Ms. Marie Lemay: Again, we have to do those things so we will.

Mr. Randall Garrison: You understand that I'm not trying to badger you as public servants. As a parliamentarian, before I vote to approve a billion dollars, I would like to hear about the gender-based analysis of those items, and I would like to hear about the official language impacts before I vote. You're telling me that this year I don't get to do that.

Ms. Marie Lemay: The only thing I could tell you that maybe can help you is that you probably noticed there is much more detail in the budget numbers than there would have been in the past in explaining what those items are. My understanding, again, is that maybe the question would be better answered by Treasury Board but I think the idea was to try, because of this transition year, to give as much as possible in the budget portion so you would have a good idea of what these monies would be used for.

The Vice-Chair (Ms. Yasmin Ratansi): You have about 40 seconds.

Mr. Randall Garrison: One of the things I would have asked, for instance, in Shared Services is about the population census and some of the ways you ask questions that would impact on gender: transgendered people, the LGBT population. I would ask you questions about that, and you haven't done that analysis so I can do that today.

Mr. Ron Parker: Our piece of that puzzle is to provide the IT infrastructure that supports the computation and storage done by Statistics Canada. Those questions should go to Statistics Canada—

Mr. Randall Garrison: Fair enough.

Mr. Ron Parker: —the agency responsible for the questions.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much.

We'll now go to Mr. Ayoub, for seven minutes.

[*Translation*]

Mr. Ramez Ayoub: Thank you, Madam Chair.

I would like to talk more about the national shipbuilding strategy. As members know, we are at the planning stage on a number of orders.

According to the minister's message on page 2 of the 2018-19 departmental plan, Shared Services Canada will select a preferred bidder for the construction or procurement of Canadian surface combatant vessels.

I would like to know what approach you intend to take. Is it a new approach? What are the differences between your approach and the approach that was taken in the past? Can you tell us how the process for future orders will be improved based on lessons learned?

[*English*]

Mr. Michael Vandergrift: As you mentioned, we are in the process of selecting a new design for the surface combatants, to be built at the Irving shipyards in Halifax. This is a new process, undertaken to try to accelerate the build. It is to take an existing design and work from that, as opposed to starting fresh with totally new requirements and trying to build the design from scratch. The objective here is to take an existing design and work from that to produce the final design, to be built at Halifax shipyards. Our objective is to speed up the process so we can get to construction more quickly by using an existing design.

That competition is under way right now. Officials are working very hard to assess the bids that have come in to produce an existing design from which we can work to build the new surface combatants. Our objective is to have the bidder selected in 2018, and we are on track to do that. A lot of work is going on right now to assess these bids, with the objective of having an existing design to work from, as opposed to starting new with the design.

● (1235)

[*Translation*]

Mr. Ramez Ayoub: I did not really understand the challenges. Could you provide more details on that?

More specifically, what are the challenges associated with getting the best proposals from the best Canadian shipyards? The construction of these specialized vessels requires particular expertise, but we must also ensure that the procurement process takes into account the best value for money. We also need to ensure that all of Canada benefits. It would not do to have just one shipyard benefit by default because the call for tenders is too specific and deliberately aligns with that shipyard's expertise. The process must not target a single shipyard.

What is being done to ensure pan-Canadian representation of expertise?

Ms. Marie Lemay: This gives me an opportunity to talk a little bit about the shipbuilding strategy.

Obviously, there are major contracts and projects, but the shipbuilding strategy must be assessed in its entirety, not on a project-by-project basis. That is the beauty of it.

Part of the strategy involves a competition for contracts to maintain the smallest vessels in the country, while creating a sustainable shipbuilding industry and expertise here in Canada. We need to find that balance. I do not want you to think that this is easy. Obviously, we are talking about major contracts that are very complex. We need to ensure that we create jobs and develop the industry and our expertise while ensuring that our small businesses can also participate in the value chain and in the strategy.

Mr. Ramez Ayoub: I always get the impression that, when it comes to building this type of large warship, we are not managing to take advantage of all of Canada's shipyards and have them work together. They work in silos and then we have to try to re-create a balance by handing out funding here and there. For example, the Davie shipyard in Quebec is well equipped to fill certain orders. I am not talking about warships in this case but about icebreakers and other types of ships.

Can you tell us how we can strike such a balance, but also how we can obtain the best value for money since building this type of ship costs a fortune?

As you said earlier, SMEs need to be able to participate in these contracts, but in a way that is not too complex.

Ms. Marie Lemay: Thank you for your question.

We often tend to talk about our big projects, but the fact is that these projects require dealings with a whole host of subcontractors. This creates a lot of spin-offs for the industry and we want to ensure that Canada benefits from that.

With regard to ensuring that small and medium-sized businesses have access to those contracts, that is something that we at Public Services and Procurement Canada are looking into in co-operation with our colleagues from National Defence and the Canadian Coast Guard. We want to ensure that companies across Canada benefit from these opportunities. It is surprising to see that the economic spin-offs do not necessarily come from the large shipyards.

● (1240)

Mr. Ramez Ayoub: Could more information be provided in that regard?

As you said, and I agree, we are talking about billions of dollars for one ship, but nothing is said about what goes along with that.

I'm not an expert and if you have that information, I would appreciate if you would send it to the committee. I would like more information and I'm sure Canadians would too.

[*English*]

The Vice-Chair (Ms. Yasmin Ratansi): Thank you for your passion, but we have to move on.

We will have three rounds of five minutes. That will give us five minutes to do the votes.

We will go to the first five minutes. Mr. McCauley.

Mr. Kelly McCauley: Who did the final proof of the departmental plan?

I'm laughing because I look at page 29 and see the Speaker of the House with a massive, full head of hair.

Ms. Marie Lemay: You are very observant. We do have a quality check process; that version was corrected in 24 hours. We caught that, but not on time for the first take. We apologize.

Mr. Kelly McCauley: That's okay. I'm sure the Speaker is happy.

On page 46 there is a decrease in funding for federal buildings. Is that because projects are done? Can you explain why that might be?

While I'm at it, maybe someone can look at the next question. On page 48 you talked—

Mr. Marty Muldoon: The key driver there is a program integrity reduction that we were just talking about when you asked about the budget renewal of the $275 million that will offset that once we're successfully able to procure it.

Mr. Kelly McCauley: I have the same question about page 48 where there is a reduction in the build in canada innovation fund. That's come up in this committee repeatedly; it's a highly lauded program.

Ms. Marie Lemay: This is a program that we are very proud of. You would have seen in the budget that there's an intent to include it in innovative solutions from the industry portfolio, so we're working with them.

The funding is not disappearing. The program is going to take place. It's just a matter of where—

Mr. Kelly McCauley: It's just getting transferred over.

Ms. Marie Lemay: It will either go over, or we might fund it for another year and transfer it. We're working out with them as to when the transfer will happen, but the program is a successful one and money will be there.

Mr. Kelly McCauley: Okay.

It's wonderful we're getting the departmental plan at the same time the estimates come out, but I've gone through it and there are a lot of —I don't want to call them errors, but—inconsistencies with the goals. We see the goals here, but we don't have any matrix to compare them to the past. We hear about the Phoenix goal. Well, it's really not a goal to compare, like everything else.

If you were someone from the public reading this information—and the intent was to have a departmental plan that anyone can just pick up and read.... Why does it not just say "it's a great program, we will try to fund it", or "it's going to be transferred to another department", so it doesn't leave us thinking it's getting cut? Again, it's about transparency and having the information correct.

Ms. Marie Lemay: I take your point. I think, again, it's a question of transition this year. We could have included the budget lens on it and it would have been helpful.

Mr. Kelly McCauley: Page 20 of the DP talks about land that the government owns that's going to be transitioned or perhaps made available for social housing. You've done an inventory. Will you provide that inventory to this committee? I'm curious, who will have the final say about getting that transferred over? That has come up in this committee before. Some of it belongs to Canada Lands, and it was approached with the question, "Well, how much of this land...?" and Canada Lands just chortled and said, "No, that's our property and we're not giving it up."

Ms. Marie Lemay: I believe you're referring to the partnership that we have with ESDC and that list—

Mr. Kelly McCauley: It's what's listed on page 20.

Ms. Marie Lemay: It's the community housing. Is that the one?

Mr. Kelly McCauley: That's what's on page 20. Can you just provide the inventory?

Ms. Marie Lemay: We can give you the list, yes.

Mr. Kelly McCauley: Perhaps you could provide it to the committee because that has come up in the past.

How much time do I have?

The Vice-Chair (Ms. Yasmin Ratansi): A minute and a half.

Mr. Kelly McCauley: Great.

I just want to get back to the shipbuilding. Mr. Garrison brought up some very good points. I've spent a lot of time with Seaspan, as well, and what we're hearing very clearly is that there seems to be a delay with getting designs approved, and our—the Government of Canada, whatever your department—getting stuff set so they can get the next ship started so that we're not laying off hundreds of very well-trained people who are then going to disappear to other jobs. What are we doing to fix that? It's the same issue with Irving.

I'd like a quick answer, please, because I have a follow-up.

In the PBO report on the shipbuilding, he was quite critical that he could not get costing details from the government. They blocked him, and he couldn't even get access to the RFP. He had to go to the States to study the U.S. shipbuilding to get an idea of the costs up here. I'm just curious, why are we blocking our own PBO from oversight of this?

● (1245)

The Vice-Chair (Ms. Yasmin Ratansi): You have 30 seconds to answer.

Ms. Marie Lemay: On the first part, the gaps portion, we're very mindful. We're looking at a series of projects, so it's a program that we have to manage. It's very important and we're very involved in looking at solutions. I don't know if...the costing, the dollars.

Mr. Michael Vandergrift: Yes, we've been working with the Parliamentary Budget Officer around these issues. As far as I know, it's in the departments that work on them.

Mr. Kelly McCauley: Have the RFPs been released to him?

Mr. Michael Vandergrift: That I don't know, Minister.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you, Mr. McCauley.

We'll go to Mr. Dhaliwal for five minutes.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Madam Chair.

Thank you for the presentations here.

My question goes to Madam Lemay. I'm going to carry on where Mr. Garrison left off on the Phoenix system. He said he has brought in 13 representative cases to your department, and he has not heard anything. If a member of Parliament cannot get a response from your department, how can an ordinary Canadian approach the department and get things resolved?

Ms. Marie Lemay: I will ask Les to complement on this, but I just want to say that we have many entries for the employees to reach.... There are many channels. All employees should get an answer, so that is not acceptable, and we'll definitely make sure we follow up on it.

Les, maybe you want to add something.

Mr. Les Linklater: We've also made some improvements with regard to client service. We've expanded our client contact centre by hiring 200 public servants in Gatineau to be able to take calls and to receive forms from employees. We've ensured training on all of the available systems related to pay—Phoenix, Jira, and the case management tool. Now when employees call they're talking to an agent who has access to their file in the Phoenix system and can provide them with updates and details, which had not been the case prior to standing up this centre.

Mr. Sukh Dhaliwal: Okay.

I come from British Columbia, and I know that your department is doing great things there, whether it's the shipyard in Vancouver or the Esquimalt graving dock. Can you give an update as to how all the improvements that are going on are going to help British Columbians when it comes to economic benefits or creating jobs there?

Mr. Michael Vandergrift: There's been tremendous progress at the Seaspan shipyards in Vancouver. In December, the first OFSV ship was launched, which was a historic moment. We're expecting the launch of the next two Coast Guard vessels this year. With that certainly comes jobs in the community, and as the deputy mentioned earlier, a supply chain of jobs that exist throughout British Columbia, but also more broadly throughout the country. Part of the objective of the shipbuilding strategy was not just to establish shipyards, but to re-establish a supply chain and a marine industry in Canada that had disappeared over time. There are benefits that extend quite significantly through British Columbia and through the country as that work continues.

As for the graving dock, we're making significant investments now to improve it. It's a vital asset for Canada and for the Royal Canadian Navy for the maintenance of its vessels, so we've certainly been investing in that graving dock to make sure that it can fulfill its needed purpose, and that's creating construction jobs as well as jobs at the dock itself in the region for the work that's done there.

Mr. Sukh Dhaliwal: When you talk about construction jobs and contracts, if you look at British Columbia, it's the small and medium-sized businesses that create opportunities.

What is your department doing to help them to engage? You have done excellent work for indigenous communities, but when it comes to other minorities, whether it's LGBTQ communities or visible minorities, what is your department doing to encourage them to participate in those contracts?

Ms. Marie Lemay: We have an office of small and medium-sized enterprise. That is actually a group that we think we have underutilized and now are really wanting to reach out to the communities. We want to make sure that they understand our processes and how they can actually contribute, whether it's the procurement process or the different places where the small and medium-sized enterprises can actually connect with government. There is an office in British Columbia, so you will see more and more activity. They've been active on the ground, but we intend to use it even more to do the outreach to the communities.

● (1250)

Mr. Sukh Dhaliwal: Thank you; and thank you also to our parliamentary secretary who is with us, a great friend and a great inspirer, Steve MacKinnon.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much, Mr. Dhaliwal.

We'll go to the last round of five minutes, jointly shared by Mr. McCauley and Mr. Kelly.

Mr. Kelly McCauley: I want to get back to the shipbuilding, the gap that we're seeing or that is threatened for the CSCs and Irving Shipbuilding, and Seaspan as well has been identified.

What concrete plan do we have in place to ensure there is no gap? Both companies have come forward now, identifying the gap long ago, threatening layoffs, and so on, and adding massive costs as we have to ramp up again. What are we going to do to prevent that?

Mr. Michael Vandergrift: That is absolutely a key issue.

On the west coast with Seaspan in Vancouver, we're looking at options on how we could accelerate the start of the construction of the joint supply ships project as a way to help fill in the gap there. That work is going on right now.

Mr. Kelly McCauley: What are the options? When are you going to provide them with, or approve, the design? I understand that's the sticking point right now.

Mr. Michael Vandergrift: The design work is under way right now. The question is, are there parts of the design that are sufficiently well established that could move to early construction? That's what's being looked at right now.

Mr. Kelly McCauley: I understand we're buying it off the shelf, so I would think so.

Mr. Michael Vandergrift: That's the point we're trying to move on now.

Mr. Kelly McCauley: Are we waiting for approval by PSPC to sign off?

Mr. Michael Vandergrift: We're in the act of negotiations with the yard on this right now, so it's on both parties to finalize this.

Mr. Kelly McCauley: Based on the timeline, right now, what is the gap going to be, and how many job losses will we be looking at?

Mr. Michael Vandergrift: I don't have those numbers in front of me.

Ms. Marie Lemay: The one thing that we're all very focused on is minimizing this. We know it happens everywhere in the world when there's a yard.

Mr. Kelly McCauley: Exactly, but shouldn't we know this information? This is going to cost taxpayers billions, as identified by the PBO in his report on the CSC.

We've known about it for a couple of years. Shouldn't we know what our costs are going to be, as well as potential layoffs? The same goes for Irving. I'm quite stunned that we're just looking at options and we don't appear to have a plan.

Ms. Marie Lemay: Sorry if we made you understand that. There is a lot of work going on. There is a lot of external expertise being hired, too. We are looking at all the different options, because there are many things that influence a gap. How do these things play out?

Our objective is to minimize the gaps. Everybody is working towards that right now.

Mr. Kelly McCauley: What's the gap going to be in Seaspan? I would think they're the closest.

Mr. Michael Vandergrift: We're quite hopeful we can minimize it substantially with this step. That's the work that is going on right now.

Mr. Kelly McCauley: These are people's lives. What is "minimize" to them, only 100 lives destroyed by layoffs?

Mr. Michael Vandergrift: That's the active work with the yard right now, to finalize that, so that we have that.

Mr. Kelly McCauley: I don't want to be rude, but it doesn't sound as though you know how many lives are going to be affected or how many tax dollars are going to get wasted, so to speak, because we haven't closed the gap. Do we have that? Have we done a report?

Ms. Marie Lemay: We have input from a number of external parties so that we can actually make the right decision.

We're not doing this in isolation; we're doing it with all the departments that are involved and the yards. It's a common objective. Everybody is focused on the same thing. It's not *en vase clos du tout*.

Mr. Kelly McCauley: Do you have a backup plan if the gap is a year and half as has been reported? For both Irving and Seaspan, do we have a plan besides that you're looking at it? This is coming up really quickly.

Ms. Marie Lemay: Yes, it is.

Mr. Michael Vandergrift: Yes, we're actively working on this. There are questions around the number of layoffs, for example, which is being looked at right now. As well, as we talked about before, on the CSC, we'll be making sure that it moves according to schedule.

Mr. Kelly McCauley: Can we get a confirmation that you will make sure the RFP is provided to the PBO, as well as all the costing information for the CSC?

Ms. Marie Lemay: Let us look at why it wasn't. I'd like to go back and understand why, if it hasn't, because this is the first—

Mr. Kelly McCauley: If the PBO has enough clearance to go to the States to get full access to the Arleigh Burke frigates, surely you would think the government would allow—

Ms. Marie Lemay: We'll get back to you on that, okay?

The Vice-Chair (Ms. Yasmin Ratansi): You have one minute.

Mr. Pat Kelly: Well, we'll see if we can get through this in one minute.

I want to know about the carbon tax. "Strong, Secure, Engaged" is a 20-year plan. How does your planning include the full costing of the carbon tax to your military suppliers? This is a new cost that will change the cost of many products and services and goods. Have you accounted for that in—

● (1255)

Mr. Michael Vandergrift: The Department of National Defence does all the costing in "Strong, Secure, Engaged". They're responsible for doing the full life-cycle costing of those. I'm not sure if they've included it in that or not. That's in the Department of National Defence.

Mr. Pat Kelly: Okay, but in a project, when they say you are to procure, then that's their responsibility to take that into account in the costing.

Mr. Michael Vandergrift: They do the full costing of those projects, including the life-cycle cost. That would be more in the realm of when you start operating and maintaining a piece of equipment, which is their responsibility.

Mr. Pat Kelly: Well, it affects procurement as well, but—

The Vice-Chair (Ms. Yasmin Ratansi): Thank you very much.

The witnesses are welcome to stay, or they can be excused, as we are doing the votes.

Yes, Mr. Garrison.

Mr. Randall Garrison: I'd like to move to delay the votes to a day before June 10, 2018. We're dealing with a new estimates process here. We asked some questions today, both the Conservatives and I, that we didn't really get answers to.

I know that Daniel Blaikie, who is our critic, has asked for additional information on the new process in question period, in a take-note debate, and in an emergency debate, so there is still plenty of time for the committee to deal with these estimates.

We don't have a lot of our regular members here today, so my motion is simply that we delay the vote to a day before June 10, which is the last day.

The Vice-Chair (Ms. Yasmin Ratansi): For the benefit of the committee, the motion is in order, because it deals with the subject at hand.

Mr. McCauley.

Mr. Kelly McCauley: I'd like to speak on it first, please. This is a very important issue. I'd hate to be calling the question on $7 billion of spending without any parliamentary oversight.

We've heard from many experts. We've heard from Kevin Page, the previous parliamentary budget officer, who has called it out as lacking transparency and taking away oversight from Parliament and the real reason we're here.

Mr. Garrison also brought up some very good points, and that we have a lot of time.

We've heard from the present Parliamentary Budget Officer, who actually put out a report on the issue of whether we're willing to sacrifice oversight for the expediency of, basically, a false claim of aligning the estimates. Let's be honest, we're not actually aligning when we don't have the answers to so many questions.

We heard at this very committee from the Privy Council Office about their spending, whether they'd even looked at it yet, and their comment that they hadn't developed the plan; they were simply told to put it in. It's difficult to expect us to do our job as parliamentarians, to justify spending and see what the results are, when in fact the departments that are asking for the money have stated that, "Well, we're putting the money in, and you need to ask the Treasury Board what that money is for," even though in this case it was $1 million for the Privy Council Office.

We heard earlier today that there is detail in the budget. For example, "simpler and better procurement, $52 million". The quote was, "there is more detail". It says $52 million for simpler and better procurement, but there are no details that that is on providing, as we've heard, set-asides for first nations.

We talked earlier today about some of the first nations procurement. We've heard repeatedly, from witness after witness representing first nations indigenous groups, that the way the government does procurement is very flawed, and that we need to pursue other avenues from the way the government is doing it.

I'd hate to think that the government—

Sorry?

The Vice-Chair (Ms. Yasmin Ratansi): I'm letting the witnesses leave, because you're going to talk out the clock, as far as I can tell.

Mr. Kelly McCauley: You guys don't want to hear this? I'll never get a chance to speak in front of so many people again.

I'm not finished.

The Vice-Chair (Ms. Yasmin Ratansi): No, and you have 20 seconds.

Sorry.

Mr. Kelly McCauley: I was just talking about the lack of detail, saying that $52 million is going to go to create a program that does not benefit first nations. We've heard certain members praise this current system that the first nations have repeatedly said is broken.

Are we going to have this money spent willy-nilly, without hearing the effects on women in small businesses? We've just heard that Bill C-344,which hasn't been studied by the government, is going to add more red tape to procurement for small businesses, which will affect women. If the time is up, I'm happy to...but we've heard specifically from women witnesses that they're generally smaller businesses, and added paperwork disproportionately hurts women in small businesses.

We haven't addressed how it will be, yet we're expected to spend $52 million without even asking the government how they're going to spend that.

● (1300)

The Vice-Chair (Ms. Yasmin Ratansi): Mr. McCauley, I have to ask the committee's permission, because your time is up.

Do you want to sit through and listen to this?

Mr. Kelly McCauley: I have hundreds of pages more on this. There are a hundred items.

The Vice-Chair (Ms. Yasmin Ratansi): Thank you.

The meeting is adjourned.

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